

AIBT NEWS

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EU Removes The Bahamas from List of Non-Cooperative Jurisdictions

IN FEBRUARY OF THIS YEAR, BFSB and AIBT welcomed the news of the European Union's Economic and Financial Affairs Council's complete removal of The Bahamas from its List of Non-Cooperative Jurisdictions for Tax Purposes, at their meeting in Brussels. This was done in recognition of The Bahamas having implemented all of the necessary reforms to meet the EU criteria on tax governance and tax cooperation. The move by the EU underscores The Bahamas' commitment to adhere to global regulations and international best practices as a premiere international financial centre. The decision acknowledged that The Bahamas implemented all the necessary reforms to address concerns regarding economic substance, removal of preferential exemptions and automatic exchange of tax information.

Industry stakeholders welcomed the decision and the positive impact it will have on the financial services sector and on investor confidence generally and commended The Bahamas Government, in particular the team at the Ministry of Finance. Its collaborative approach, steadfastness and ongoing dialogue with industry bodies such as BFSB and AIBT to ensure that practitioners understand the nature and reasoning for the various reforms and have a say in the implementation process. This evidences commitment to public private sector partnership. Throughout the entire process of reform, The Bahamas demonstrated commitment at the highest political level to ensure that as a jurisdiction we comply with international standards on tax information exchange, tackling harmful tax practices, dismantling artificial tax structures and prevention of financial crime which is critical to our value proposition as a well-regulated international financial center.

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The Newsletter of
The Association of International Banks
& Trust Companies in The Bahamas

COVID-19 RESETS INDUSTRY CALENDAR OF EVENTS

Due to health and safety concerns around the COVID-19 global pandemic, several financial services industry events have been cancelled or postponed until further notice. These include:

AIBT: The Annual General Meeting (AGM) has been rescheduled to July. A Zoom meeting is being considered for this year's gathering and AIBT will liaise with members for their input.

AIBT: The Nassau Conference and Financial Services Bootcamp, which were originally scheduled for September 2020, have been postponed until 2021. Further details will be provided in due course.

BFSB: The Bahamas Landfall events that were scheduled for London, Geneva and Zurich in March have been postponed. No new dates have been set.

BFSB: The CEO's Policy Summit, which was to replace the annual International Business & Finance Summit (IBFS), has been postponed. In the interim, BFSB is collaborating with the Ministry of Financial Services, Trade and Industry and Immigration with a view to hosting a virtual town hall meeting for the industry. Details will be provided in due course. ■

PLEASE NOTE:

Pursuant to the COVID-19 related emergency orders, the AIBT office is closed to the public and staff continue to work remotely and remain available. Please continue to contact us at (242) 393-5500 or via email info@aibt-bahamas.com.

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AIBT looks forward to continued stakeholder engagement on these issues, the development of a strategic plan for the sector and other emerging international initiatives to ensure that we persist in repositioning the financial services sector for long term viability. The Bahamas was one of sixteen (16) jurisdictions that the EU determined had passed legislation to meet EU good tax governance principles, while four (4) new jurisdictions were added to the list of non-cooperative tax jurisdictions. ■

IN BRIEF

Beneficial Owner Register

From the Office of The Attorney General as Competent Authority for the Register of Beneficial Ownership: "Please note that the suspension of obligations pursuant to the Register of Beneficial Ownership Act, 2018 and the 60 days extension granted after the lifting of the Emergency Order allows for you to be onboarded to fulfill your obligations post the March 31 2020 deadline.

Kindly continue with the onboarding as scheduled between you and the BDO team as well as uploading your BO information. It was never the intent that you would abruptly halt or delay the onboarding process. This is an urgent request for you to continue the process as the contractual agreement with BDO has not been suspended and this urgent process must be completed remotely as soon as humanly possible." ■



FATF: COVID-19 & Measures to Combat Illicit Financing

The Competent Authority has requested that we circulate the statement below issued by the FATF President on COVID-19 and measures to combat illicit financing. AIBT also reminds licensees and registrants to file STRs with the FIU should transactions be identified as suspicious illicit funding connected to COVID-19.

PARIS, 1 APRIL 2020 - The members of the FATF, both domestically and multilaterally, are applying every available resource to combat the COVID-19 pandemic. As the global standard-setter for combating money laundering (ML) and the financing of terrorism (TF) and proliferation, the FATF encourages governments to work with financial institutions and other businesses to use the flexibility built into the FATF's risk-based approach to address the challenges posed by COVID-19 whilst remaining alert to new and emerging illicit finance risks.

The FATF encourages the fullest use of responsible digital customer onboarding and delivery of digital financial services in light of social distancing measures. At a time when critical relief is needed in-country and beyond, effective implementation of the FATF Standards fosters greater transparency in financial transactions, which gives donors greater confidence that their support is reaching their intended beneficiaries. The continued implementation of the FATF Standards facilitates integrity and security of the global payments system during and after the pandemic through legitimate and transparent channels with appropriate levels of risk-based due diligence.

ADDRESSING COVID-19-RELATED FINANCIAL CRIME RISKS BY REMAINING VIGILANT

Criminals are taking advantage of the COVID-19 pandemic to carry out financial fraud and exploitation scams, including advertising and trafficking in counterfeit medicines, offering fraudulent investment opportunities, and engaging in phishing schemes that prey on virus-related fears. Malicious or fraudulent cybercrimes, fundraising for fake charities, and various medical scams targeting innocent victims are likely to increase, with criminals attempting to profit from the pandemic by exploiting people in urgent need of care and the goodwill of the general public and spreading misinformation about COVID-19. National authorities and international bodies are alerting citizens and businesses of these scams, which include impostor, investment and product scams, as well as insider trading in relation to COVID-19. Like criminals, terrorists may also exploit these opportunities to raise funds.

Supervisors, financial intelligence units and law enforcement agencies should continue to share information with the private sector to prioritise and address key ML risks, particularly those related to fraud, and TF risks linked to COVID-19. Additionally, criminals and terrorists may seek to exploit gaps and weaknesses in national anti-money laundering/counter-financing of terrorism (AML/CFT) systems while they assume resources are focused elsewhere, making risk-based supervision and enforcement activity more critical than ever. Financial institutions and other businesses should remain vigilant to emerging ML and TF risks and ensure that they continue to effectively mitigate these risks and are able to detect and report suspicious activity.

DIGITAL ONBOARDING AND SIMPLIFIED DUE DILIGENCE

With people around the world facing confinement or strict social distancing measures, in-person banking and access to other financial services is difficult, and unnecessarily exposes people to the risk of infection. Use of digital/contactless payments and digital onboarding reduce the risk of spreading the virus. As such, the use of financial technology (Fintech) provides significant opportunities to manage some of the issues presented by COVID-19.

In line with the FATF Standards, the FATF encourages the use of technology, including Fintech, Regtech and Suptech to the fullest extent possible. The FATF recently released Guidance on Digital ID, which highlights the benefits of trustworthy digital identity for improving the security, privacy and convenience of identifying people remotely for both onboarding and conducting transactions while also mitigating ML/TF risks. The FATF calls on countries to explore using digital identity, as appropriate, to aid financial transactions while managing ML/TF risks during this crisis.

When financial institutions or other businesses identify lower ML/TF risks, the FATF Standards allow them to take simplified due diligence measures, which may help them adapt to the current situation.

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FATF: COVID-19 & Measures to Combat Illicit Financing

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The FATF encourages countries and financial service providers to explore the appropriate use of simplified measures to facilitate the delivery of government benefits in response to the pandemic.

DELIVERY OF AID THROUGH NON-PROFIT ORGANISATIONS

This global public health emergency has highlighted the vital work of charities and non-profit organisations (NPOs) to combat COVID-19 and its effects. The FATF has long recognised the vital importance of NPOs in providing crucial charitable services around the world, as well as the difficulties in providing that assistance to those in need. The FATF has worked closely with NPOs over the years to refine the FATF Standards to provide flexibility to ensure that charitable donations and activity can proceed expeditiously through legitimate and transparent channels and without disruption. It is important to recognise that FATF Standards do not require that all NPOs be considered high-risk and that most NPOs carry little or no TF risk.

The aim of the FATF Standards is not to prevent all financial transactions with jurisdictions where there may be high ML/TF risks, but rather to ensure these are done through legitimate and transparent channels and money reaches its legitimate intended recipient. National authorities and financial institutions should apply a risk-based approach to ensure that legitimate NPO activity is not unnecessarily delayed, disrupted or discouraged. FATF encourages countries to work with relevant NPOs to ensure that much needed aid is getting to its intended recipients in a transparent manner.

ONGOING OUTREACH AND ADVICE

Regulators, supervisors, financial intelligence units, law enforcement authorities and other relevant agencies can provide support, guidance and assistance for the private sector on how national AML/CFT laws and regulations will be applied during the current crisis. Such guidance can give financial institutions and other businesses reassurance that the authorities share their understanding

of challenges and risks involved in the current situation, and of the appropriate actions to take. Authorities in some countries have already taken swift action and provided this type of advice. Mechanisms by which victims, financial institutions, and other businesses can report COVID-19 related fraud may be especially useful.

At the international level, the FATF is working with the Committee on Payment and Market Infrastructures and the World Bank to help ensure coordinated policy responses for the continued provision of critical payment services against the backdrop of the COVID-19 crisis. The FATF, International Monetary Fund and World Bank are working with their membership to mitigate the impacts of the COVID-19 crisis, including through the use of AML/CFT measures, where relevant. In addition, the FATF is working with its members and the FATF-Style Regional Bodies to identify and share good practices in response to common issues faced in many affected countries. ■

IN BRIEF

The Central Bank Remains Fully Accessible during the COVID-19 Pandemic — The operations of the Central Bank of The Bahamas remain fully accessible during the adjustment to the Coronavirus (COVID-19) pandemic. However, health and safety precautions are in effect. The Bank is continuously engaged with supervised financial institutions, the Government and other stakeholders to support the smooth operations of the Bahamian financial system, including the following:

- Access to Bahamian dollar currency
- Operation of domestic payments and settlements systems
- Processing of Exchange Control applications
- Investments in Government debt securities
- Regulatory reporting and approvals

The Bank also activated business continuity procedures to balance health and safety concerns for its personnel, against assurances that they remain fully engaged to service the public. ■

Securities Commission of The Bahamas offers COVID-19 Guidance for Sector — Registrants and licensees are hereby advised that, per the Order, they are able to maintain operations and regular business hours; however, those operations and regular business hours shall be maintained within the parameters established by the Emergency Order.

That is, registrants and licensees should not open to the general public and should only require essential staff to be on premises (with proper authorization). Non-essential staff is allowed to work from home. Registrants and licensees must also ensure that "social distancing" requirements are observed and maintained within their premises at all times. Registrants and Licensees must

provide a letter with the names of any senior officers and essential staff to the Royal Bahamas Police Force at the following email: covid19@rbpf.bs. A copy of the letter is to be forwarded to the Commission at info@scb.gov.bs. ■

Registrar General Department Open for Limited Business Activities — The Registrar General's Department has established the following procedure to facilitate a number of company related requests:

1. Send your request along with any required documents to the relevant email address.
2. Once the request has been processed, you will receive an email from RGD with a credit card payment authorization form.
3. Once payment is complete, you will receive the relevant certificate by email.

Further details are available on the RGD's website. ■

AIBT Members Request for Exemption — AIBT encourages our members to be reasonable with their requirements and only seek approval for essential personnel as required to operate core functions. Most firms operating on a limited capacity should be operating with 10-15% resources, with the rest of staff operating from home. At the same time, it is expected that while staff are in office, they will observe all issued guidance on distancing and hygiene. If you are a small institution, please do not list all of your staff. Kindly focus requests to those required essential resources. Any abuses will negatively affect our industry during this period. For more information or to obtain a copy of the request for exemption template please email info@aibt-bahamas.com. ■

Extension of Deadline for Economic Substance Filing

NASSAU, 26 MARCH 2020 - The Ministry of Finance wishes to advise that the deadline for economic substance filing is extended by 3 months for all entities reporting for fiscal year 2019. As a consequence, all entities with a fiscal year end after June 30th 2019 that are required to submit economic substance filings pursuant to the Commercial Entities (Substance Requirements) Act, 2018 ("CESRA") will have to file within 12 months of the date of their 2019 fiscal year end. Penalties for failure to file within the 12 month period and any other enforcement provisions of CESRA will be applicable from the 1st day following the expiration of the extended 3 month period.

As CESRA anticipates that the first set of economic substance filings for entities with a fiscal year ending July 31st 2019, would take place in April 2020, these entities now have until July 31st 2020 to report. Likewise, any entity with a December 31st 2019 fiscal year end, would have until December 31st 2020 to submit its economic substance filings. The Ministry wishes to emphasize that this extension applies only to the 2019 fiscal year. The 9 month reporting deadline remains a requirement for FYE 2020, and following years. Entities are also reminded that the portal for economic substance filing became available on December 16th 2019 and all entities are able to register and report via that portal to ensure compliance with CESRA, notwithstanding that it is a beta release. There is no provision for bulk registration. However, this feature is under consideration for future updates and we will advise should it become available.

The portal is accessible at: substancefilingbeta.revenue.gov.bs.

It is noted that some providers are either a) not signing into the substancefilingbeta.revenue.gov.bs address to register and submit economic substance filings but rather are attempting to sign into the Online Tax Administration System (OTAS) at vat.revenue.gov.bs which is used for VAT/BL registering and reporting or b) are attempting to access the [substancefilingbeta](https://substancefilingbeta.revenue.gov.bs) portal with their pre-existing sign-

in protocols from OTAS, and are encountering error messages. At present, you cannot access the modules for economic substance reporting through OTAS. You are able to use your OTAS username and password to access the economic substance portal provided that your OTAS profile was created before November 2019.

If your OTAS profile was created after November 2019, you will have to create a new profile with the same user sign-in details on the [substancefilingbeta](https://substancefilingbeta.revenue.gov.bs) site. If you changed the password on your OTAS profile after November 2019, you must use the old password when signing into the economic substance portal and then change to the new password that is used to access OTAS. The ability for a single sign in for both economic substance and VAT/BL registration and reporting via the OTAS system will be available in future updates and we will advise when it becomes available. In the interim, registering and filing for economic substance is only possible via the [substancefilingbeta](https://substancefilingbeta.revenue.gov.bs) site. All data from the [substancefilingbeta](https://substancefilingbeta.revenue.gov.bs) portal will be automatically migrated into OTAS when the systems are integrated.

We have also noted that some providers are selecting the "Register a Taxpayer" option when attempting to register their entities and obtain an EIN. Attempting to register a taxpayer in the economic substance portal will give an error as that feature is reserved for VAT/BL registrations. Users should select the "Register an Entity" option, as directed.

The TIN and EIN are synonymous and can be used for the same purposes. If an entity obtained a TIN prior to November 2019, there is no need to attempt to register the entity in the economic substance portal in order to obtain an EIN. Attempting to do so will generate an error message. However, if the entity's TIN was obtained via OTAS after November 2019, you will have to request the Department of Inland Revenue assign that entity to your profile under the economic substance portal. This can be done by sending an email to vatdata@bahamas.gov.bs. ■

STOP THE SPREAD



PRACTICE PHYSICAL DISTANCING

Let's fight COVID-19 together.



OPM.GOV.BS

ONGOING INDUSTRY MEETINGS & BRIEFINGS

Ministry of Finance Briefing

The Ministry of Finance hosted a Financial Sector Briefing in December 2019 that focused primarily on the initiatives relative to the OECD/EU/FATF and the actions taken by The Bahamas since the last briefing. There was also be a demonstration of the electronic portal for CESRA economic substance reporting. ■

AIBT Governor's Breakfast

AIBT Governor's Breakfast meetings are held monthly with the Governor of the Central Bank and AIBT Directors. The Governor and directors discuss current issues that affect the financial services industry and AIBT constituents. ■

Inspector of Banks, Central Bank of The Bahamas

AIBT continues to hold biannual meetings with the Inspector of Banks & Trust Companies, Mr. Charles Littrell. These meetings help to ensure the industry's concerns and queries are presented and that we remain aware of the priorities of the regulator. ■



AIBT & University of The Bahamas Explore Apprenticeship Program

At the end of 2019, AIBT began discussions with the University of The Bahamas (UB) on a new initiative to benefit future financial services professionals.

Antoinette Russell, former AIBT Chairperson and Anastacia Johnson, AIBT Executive Administrator, met with Mrs. Remelda Moxey, Dean of Business, Hospitality and Tourism Studies and UB representatives Mrs. Dale McHardy and Dr. Detra Bethel to discuss the creation and implementation of an apprenticeship program at the university. ■

The program would include an industry lecture series and an internship program with AIBT member institutions.

The aim of the initiative is to give students the fundamental training and foundation required to enter the financial services industry. Engagement with UB on this initiative is a key part of AIBT's mandate of providing ongoing professional development and preparing the next generation of leaders of the financial services sector. ■

A public health poster with a teal background. On the left is a large, stylized illustration of a light blue surgical mask with black straps. To the right of the mask, the text 'STOP THE SPREAD' is in white capital letters on a dark blue rectangular background. Below this, 'Wear a Mask!' is written in large, bold white letters, with 'Mask!' in a larger, bolder font. Underneath, in smaller white text, it says 'Help stop the spread of COVID-19 by wearing a mask or protective wear over your nose and mouth.' At the bottom, there are two logos: the coat of arms of The Bahamas on the left and the Office of the Prime Minister logo on the right. Below the logos, it says 'Visit OPM.GOV.BS or COVID19.GOV.BS for more information' in white text.

STOP THE SPREAD

Wear a Mask!

Help stop the spread of COVID-19 by wearing a mask or protective wear over your nose and mouth.

Visit OPM.GOV.BS or COVID19.GOV.BS for more information